

## Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 EA-11 NEA-14 IO-14 ISO-00 AGR-20

CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10

INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SP-03 FEA-02 OMB-01 SWF-02 OIC-04 XMB-07 DRC-01 /246 W

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R 241652Z MAY 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 6011

INFO AMEMBASSY BELGRADE

AMEMBASSY BOGOTA

AMEMBASSY BONN

AMCONSUL HONG KONG

AMEMBASSY ISLAMABAD

AMEMBASSY LONDON

AMEMBASSY MEXICO CITY

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SEOUL

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

LIMITED OFFICIAL USE SECTION 1 OF 2 GENEVA 3283/1

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: SECOND MEETING TEXTILES SURVEILLANCE BODY, MAY 21-22

REF: GATT DOCUMENT TEX/SB/W/2, 10 MAY 1974

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1. SUMMARY: SECOND MEETING GATT TEXTILES SURVEILLANCE BODY

(TSB) CONVENED MORNING MAY 21 AND, AFTER FOUR WORKING SESSIONS, WAS ADJOURNED EVENING MAY 22. NEXT MEETING SET FOR JUNE 7-8. DISCUSSIONS FOLLOWED AGENDA (REF DOCUMENT) AND CENTERED ON: EXAMINATION NOTIFICATIONS RECEIVED AS PER ART. 2 PARA 1 OF ARRANGEMENT; CONTINUED DISCUSSION AND REACHED PARTIAL RESOLUTION OF PROBLEM OF PARTICIPATION IN PROCEEDINGS BY TSB MEMBERS WHEN MEMBERS' COUNTRY IS INVOLVED IN DISPUTE WITH COUNTRY NOT REPRESENTED IN TSB; AND, UNDER "OTHER BUSINESS", TOMIC (YUGOSLAVIA) CALLED TSB ATTENTION TO ITALIAN IMPORT DEPOSIT ACTIONS AS POSSIBLE VIOLATION OF ARRANGEMENT REQUIRING TSB DISCUSSION. END SUMMARY.

2. OPENING MEETING DEVOTED RECEIVING SECRETARIAT REPORT ON STATUS ACCEPTANCES OF ARRANGEMENT AND TO A READING AND

APPROVAL OF REPORT OF FIRST TSB MEETING (GATT DOCUMENTS TEX.SB/W/1 AND TEX.SB/W/1 REV. 1). THERE WAS NO CHANGE IN STATUS ACCEPTANCES FROM INFORMAL SECRETARIAT LISTING OF APRIL 22 - COPIES OF WHICH WERE CIRCULATED CITA MEMBERS PRIOR PHELAN'S DEPARTURE. THE SECRETARIAT'S ORIGINAL REPORT OF FIRST TSB MEETING (TEX.SB/W/1) WAS REVISED AT EC INSISTENCE TO INCLUDE AS A FOOTNOTE TO PARA. 5, MEYNELL'S ASSERTION AT FIRST MEETING THAT IT WAS EC'S VIEW "MEMBERS HAD RIGHT TO BE ACCOMPANIED BY EXPERTS AS THEY SAW NECESSARY.". U.S. MEMBER, SUPPORTED BY OTHER MEMBERS, AGREED TO APPROVE REPORT AS LONG AS RECORD THIS MEETING CLEARLY SHOWED THAT A) THERE HAD BEEN NO TSB DISCUSSION OF EC'S CLAIM TO THIS "RIGHT" AND B) FURTHER, NO AGREEMENT IN TSB THAT SUCH RIGHT IN FACT EXISTED. MEYNELL'S "ACCOMPANYING EXPERTS" NUMBERED VARIOUSLY FROM THREE TO FOUR IN THESE SESSIONS.

3. EXAMINATION AND REVIEW OF THE NOTIFICATIONS RECEIVED WAS COMPLICATED BY FACT THAT EC, JAPANESE AND CANADIAN NOTIFICATIONS WERE ONLY CIRCULATED BY SECRETARIAT AFTER START OF MEETING. MEMBERS, THEREFORE, HAD INADEQUATE TIME TO STUDY THEM. FURTHER, SECRETARIAT, ON OWN INITIATIVE, HAD REQUESTED FURTHER SUPPORTING LIMITED OFFICIAL USE

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INFORMATION FROM COUNTRIES WHICH HAD NOTIFIED EARLIER AND MUCH OF THE SUPPORTING INFORMATION REQUESTED HAD STILL NOT BEEN RECEIVED. CHAIRMAN WURTH SUGGESTED TSB COULD SEND FORWARD TO TC THOSE NOTIFICATIONS THAT TSB COULD FIND ADEQUATE AND SUBMIT OTHERS LATER AFTER REVIEW COMPLETED. ALTHOUGH THIS SUGGESTION MADE PRIOR TO CONSIDERATION OF EC NOTIFICATION, MEYNELL (EC) STRONGLY OBJECTED TO POSSIBLE "STIGMA" ATTACHING THOSE NOTIFICATIONS NOT FORWARDED NOW AND SUGGESTED THAT ALL NOTIFICATIONS SHOULD BE SENT FORWARD

NOW WITHOUT COMMENT AS RECEIVED WITH TSB RESERVING RIGHT TO SUBMIT  
QUESTIONS IN WRITING LATER THROUGH SECRETARIAT TO NOTIFYING  
COUNTRY. OTHER MEMBERS, INCLUDING U.S., TOOK POSITION THAT SUCH  
ACTION APPEARED BE CONTRADICTORY TO INTENT OF TC AS EXPRESSED IN  
PARA 11 OF COM.TEX 2, AND, MOREOVER, SINCE MANY SUBMISSIONS WOULD  
INEVITABLY REQUIRE AMENDMENTS  
RESULT FURTHER QUESTIONING BY BOTH  
TSB AND TC IT WOULD BE SOME TIME BEFORE IT POSSIBLE DRAW ANY  
CONCLUSIONS AS TO ADEQUACY NOTIFICATIONS. SHORTLY AFTER THIS EXCHANGE,

EC NOTIFICATION CAME UNDER CONSIDERATION. DESPITE SHORT TIME  
AVAILABLE STUDY, MEMBERS RAISED SOME QUESTIONS, NONE OF WHICH  
MEYNELL AND "ACCOMPANYING EXPERTS" WERE ABLE TO ANSWER SATIS-  
FACTORILY. WHILE FOR OBVIOUS REASONS NO SUCH OVERT STATEMENT WAS  
MADE IN TSB, CORRIDOR CONVERSATIONS INDICATE CONSENSUS THAT EC  
NOTIFICATION IS GROSSLY INADEQUATE (JANANESE NOTIFICATION IS  
ALSO INADEQUATE BUT LESS SO - THERE WILL BE INFORMAL  
MEETINGS AMONG MEMBERS NEXT WEEK TRY TO DRAW UP NECESSARY FORMAL

QUESTIONS TO BE PUT TO EC, JAPAN AND OTHERS THROUGH SECRETARIAT).  
FURTHER CONSIDERATION NOTIFICATIONS WAS THEN INTERRUPTED BY EXTEN-  
SIVE DISCUSSION METHODOLOGY TO BE FOLLOWED, INCLUDING ROLE AND  
FUNCTION OF TSB THEREIN, IN FORWARDING NOTIFICATIONS TO TC.  
CONSENSUS EMERGED THAT NONE WOULD BE FORWARDED UNTIL AFTER  
NEXT MEETING. MOST MEMBERS PRAISED U.S., HONG  
KONG AND CANADA NOTIFICATIONS AS BEING BOTH TIMELY AND COMPLETE  
AND SEVERAL MEMBERS SUGGESTED THAT THEY SHOULD BE MODELS FOR  
OTHER NOTIFICATIONS.

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SP-03 FEA-02 OMB-01 SWF-02 OIC-04 XMB-07 DRC-01 /246 W

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R 241652Z MAY 74  
FM USMISSION GENEVA  
TO SECSTATE WASHDC 6012  
INFO AMEMBASSY BELGRADE  
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4. IN CONSIDERING POSITION TSB MEMBER WHEN HIS COUNTRY IS PARTY TO DISPUTE BEFORE TSB WITH COUNTRY NOT REPRESENTED ON TSB, ALL MEMBERS EXPRESSED VIEWS THAT NON-TSB MEMBER COUNTRY SHOULD BE ASSURED THAT IT WOULD RECEIVE FAIR TREATMENT. DISCUSSION OF THIS ISSUE, WHICH HAD BEEN INITIATED AT FIRST TSB MEETING HAD CENTERED AROUND PROPOSAL THAT TSB MEMBER SHOULD "STEP DOWN". AFTER STRONG STATE-  
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MENT OPPOSITION TO "STEP DOWN" IDEA BY U. S. MEMBER SUPPORTED BY JAPAN, NORDICS, YUGOSLAVIA AND EC, IT WAS AGREED THAT TSB MEMBER WOULD NOT RPT NOT BE EXPECTED STEP DOWN EITHER IN COURSE DISCUSSION OR FORMULATION OF RECOMMENDATIONS. MEXICO AND KOREA, IN AGREEING, EXPRESSED OPINIONS THAT ONLY REMAINING WAY ENSURE FAIRNESS WAS TO PERMIT REP OF NON-TSB COUNTRY TO PARTICIPATE IN TSB DISCUSSION FROM BEGINNING THROUGH FORMULATION OF RECOMMENDATIONS

NORDICS AND JAPAN GENERALLY SUPPORTED THIS VIEW. U.S. MEMBER SUGGESTED (AFTER EC MEMBER MADE HIGHLY QUALIFIED STATEMENT WHICH MAY OR MAY NOT HAVE BEEN INTENDED SUPPORT MEXICO-KOREA PROPOSAL) SUGGESTED THAT MEMBERS GIVE FURTHER THOUGHT TO THIS PROBLEM AND BRING IT UNDER DISCUSSION AT LATER MEETING. THIS VIEW WAS SUPPORTED BY JAPAN AND OTHERS AND ACCEPTED AS CONSENSUS BY CHAIRMAN.

5. AT FIRST SESSION, TOMIC (YUGOSLAVIA) INFORMED TSB THAT HE WOULD BRING UNDER "OTHER BUSINESS" QUESTION ITALIAN IMPORT DEPOSIT ACTION AS POSSIBLY INCONSISTENT WITH PROVISIONS OF ARRANGEMENT REGARDING UNJUSTIFIED IMPOSITION NEX TEXTILE IMPORT RESTRICTIONS.

IN DISCUSSING ISSUE AT THIRD SESSION, TOMIC CITED INCONSISTENCY ITALIAN ACTION WITH PROVISIONS ART. 3 PARA 1 AND ART. 4 PARA 1 AND ASKED FOR TSB VIEWS ON MATTER. MEYNELL (EC) ASKED FOR FLOOR NEXT AND ASSERTED THAT IN EC VIEW A) ITALIAN ACTION WAS A BALANCE-OF-PAYMENTS MEASURE APPLICABLE TO WIDE RANGE INDUSTRIAL PRODUCTS NOT CONFINED TO TEXTILES; B) THAT ARRANGEMENT PROVISIONS AND TSB MANDATE WERE ONLY APPLICABLE TO QUANTITATIVE RESTRICTIONS ON TEXTILE TRADE AND; C) THAT, SINCE ITALIAN ACTION WAS CLEARLY NOT QUANTITATIVE MEASURE AND THEREFORE NOT SUBJECT PROVISIONS OF ARRANGEMENT, TSB WAS INCOMPETENT TO DISCUSS MATTER. ALL OTHER MEMBERS, INCLUDING U.S. REJECTED EC VIEW ON LIMITATION ARRANGEMENT PROVISIONS TO "QUANTITATIVE RESTRICTIONS ONLY" CITING ART. 9 PARA 1 IN PARTICULAR AND OTHER POINTS IN NEGOTATING HISTORY. NEITHER WAS ANY OTHER MEMBER PREPARED AGREE THAT TSB INCOMPETENT DISCUSS MATTER PROVIDED A PARTICIPANT COUNTRY, AFTER FOLLOWING PROCEDURES OF ART. 9, COMPLAINED TO TSB. U.S. MEMBER ASSOCIATING WITH JAPANESE MEMBER, ALSO POINTED OUT THAT, WHILE NOT AGREEING WITH EC CLAIM OF TSB INCOMPETENCE, MATTER WAS PRESENTLY SUBJECT GATT WORKING PARTY STUDY, THAT FINDINGS WOULD HAVE BEARING IN ISSUE AND, FURTHER, THAT PENDING PURSUIT OF ART. 9 PROCEDURES BY PARTICIPATING COUNTRY AND SUBSEQUENT COMPLAINT TO TSB, IT LIMITED OFFICIAL USE

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WAS CLEARLY PREMATURE TO BRING ISSUE UNDER DISCUSSION AT THIS POINT. MOST OTHER MEMBERS SUPPORTED THIS VIEW AND THERE MATTER RESTED. TOMIC SUBSEQUENTLY TOLD PHELAN HE WOULD PROPOSE TO HIS GOVERNMENT AN IMMEDIATE APPROACH TO ITALY UNDER PROVISIONS OF ART. 9. ABRAMS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SURVEILLANCE, TEXTILES, MEETING AGENDA, MEETINGS, MEETING REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 MAY 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974GENEVA03283  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740130-0997  
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**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1974/newtext/t19740521/aaaaarsy.tel  
**Line Count:** 255  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** GATT DOCUMENT TEX/SB/W/2, 10 MAY 197, 4  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 03 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <03 APR 2002 by cunninfx>; APPROVED <12 JUN 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SECOND MEETING TEXTILES SURVEILLANCE BODY, MAY 21-22  
**TAGS:** ETRD, GATT  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005